HYDROGRAPH CLEAN POWER INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2025 and 2024

(Expressed in United States Dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2025 AND SEPTEMBER 30, 2024
(Expressed in United States dollars)
(Unaudited)

	Note	June 30, 2025 $	September 30, 2024 $
ASSETS			
CURRENT ASSETS			
Cash		1,657,470	780,966
Prepaids		219,380	37,604
Accounts receivable		746	-
Tax receivable		139,984	89,060
		2,017,580	907,630
NON-CURRENT ASSETS			
Technology and development costs	3	3,178,078	3,178,078
Right-of-use asset	5	62,757	167,713
Fixed assets	4	1,016,753	1,150,287
		4,257,588	4,496,078
TOTAL ASSETS		6,275,168	5,403,708
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6	458,679	440,130
Lease liability	5	82,443	61,870
		541,122	502,000
NON-CURRENT LIABILITIES			
Other liabilities	6	78,000	102,000
Lease liability	5	-	127,073
		78,000	229,073
TOTAL LIABILITIES		619,122	731,073
SHAREHOLDERS' EQUITY			
Share capital	7	19,101,128	15,176,345
Reserves	7	5,567,800	4,918,958
Accumulated other comprehensive loss		(196,050)	(242,914)
Deficit		(18,816,832)	(15,179,754)
TOTAL SHAREHOLDERS' EQUITY		5,656,046	4,672,635
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,275,168	5,403,708

Nature and continuance of operations	1
Commitments	8
Subsequent events	5, 7, 12

Approved on Behalf of the Board of Directors

“Kjirstin Breure”	*“David Morris”*
Kjirstin Breure, CEO, President, Director	David Morris, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

		Three months ended		Nine months ended	
	Note	June 30, 2025 $	June 30, 2024 $	June 30, 2025 $	June 30, 2024 $
Sales		19,346	1,860	42,294	8,465
Cost of sales		(13,732)	(11,242)	(20,890)	(17,586)
Gross Profit		5,614	(9,382)	21,404	(9,121)
Expenses					
Depreciation	4, 5	73,429	69,101	219,377	212,001
Exchange and filing fees		7,466	7,726	27,197	40,008
Insurance		23,868	28,773	64,118	50,801
Lease accretion	5	3,069	4,266	10,125	13,645
License maintenance fees		206,370	17,580	285,531	87,361
Office and miscellaneous		72,697	70,025	183,633	180,412
Professional fees		255,146	67,569	534,371	506,290
Rent and occupancy		7,480	68,950	20,548	83,081
Research		118,359	44,600	229,680	125,249
Salaries	6	443,424	521,549	1,258,770	1,502,118
Stock-based compensation	6, 7	65,427	293,038	402,311	442,256
Travel and promotion		193,318	45,206	426,578	182,647
Total Expenses		1,470,053	1,238,383	3,662,239	3,425,869
Loss before other items		(1,464,439)	(1,247,765)	(3,640,835)	(3,434,990)
Foreign exchange gain (loss)		(9,486)	112,199	(24,615)	(120,474)
Write-down		-	(146,453)	-	(146,453)
Other income (expenses)		11,269	4,254	28,372	6,065
Net loss		(1,462,656)	(1,277,765)	(3,637,078)	(3,695,852)
Other comprehensive income Item that will not be reclassified to profit or loss					
Foreign exchange translation adjustment		105,790	190,890	46,864	190,890
Comprehensive loss		(1,356,866)	(1,086,875)	(3,590,214)	(3,504,962)
Net loss per share, basic and diluted		(0.01)	(0.01)	(0.01)	(0.02)
Weighted average common shares outstanding		266,400,962	200,129,434	252,964,472	188,872,211

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

	Note	Shares Issued #	Share Capital $	Reserves $	Subscriptions receivable $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $	Total $
Balance, September 30, 2023		174,775,224	11,600,057	3,394,318	-	(276,884)	(9,847,768)	4,869,723
Private placement		54,542,400	3,682,645	1,349,817	(17,761)	-	-	5,014,701
Share issue costs		-	(388,566)	129,541	-	-	-	(259,025)
Shares issued for warrant exercise		1,492,750	55,236	-	-	-	-	55,236
Stock-based compensation		-	-	442,256	-	-	-	442,256
Net loss and comprehensive loss		-	-	-	-	190,890	(3,695,852)	(3,504,962)
Balance, June 30, 2024		230,810,374	14,949,372	5,315,932	(17,761)	(85,994)	(13,543,620)	6,617,929
Balance, September 30, 2024		230,810,374	15,176,345	4,918,958	-	(242,914)	(15,179,754)	4,672,635
Private placement	7	23,960,003	2,033,669	668,252	-	-	-	2,701,921
Share issue costs	7	-	(219,787)	62,103	-	-	-	(157,684)
Shares issued for warrant exercise	7	11,968,346	2,082,472	(474,966)	-	-	-	1,607,506
Shares issued for option exercise	7	112,500	28,429	(8,858)	-	-	-	19,571
Stock-based compensation	7	-	-	402,311	-	-	-	402,311
Net loss and comprehensive loss		-	-	-	-	46,864	(3,637,078)	(3,590,214)
Balance, June 30, 2025		266,851,223	19,101,128	5,567,800	-	(196,050)	(18,816,832)	5,656,046

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

	2025 $	2024 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	(3,637,078)	(3,695,852)
Add back non-cash items:		
Depreciation	219,377	212,001
Lease accretion	10,125	13,646
Stock-based compensation	402,311	442,256
Unrealized foreign exchange loss	7,502	190,890
Write-down	-	114,640
Changes in non-cash working capital balances:		
Term deposit	-	46,444
Prepaids	(181,776)	(6,860)
Inventory	-	(11,595)
Accounts receivable	(746)	-
Tax receivable	(50,924)	(8,211)
Accounts payable and accrued liabilities	18,549	(357,374)
Other liabilities	(24,000)	-
Cash used in operating activities	(3,236,660)	(3,060,015)
INVESTING ACTIVITIES		
Acquisition of fixed assets	(41,449)	(44,362)
Cash used in investing activities	(41,449)	(44,362)
FINANCING ACTIVITIES		
Shares issued for cash, net	2,544,237	4,604,956
Shares issued on warrant exercise	1,607,506	55,236
Shares issued on option exercise	19,571	-
Repayments of lease liability	(56,063)	(56,066)
Cash provided by financing activities	4,115,251	4,604,126
Foreign currency translation differences on cash	39,362	-
Increase (decrease) in cash	876,504	1,499,749
Cash, beginning	780,966	452,469
Cash, ending	1,657,470	1,952,218

Supplemental cash flow information – Note 11

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

HydroGraph Clean Power Inc. (the "Company") was incorporated under the Laws of the Province of British Columbia on June 26, 2017. The address of the Company's corporate office and its principal place of business is 1100 – 1199 West Hastings Street, Vancouver, BC, Canada.

The Company's principal business activity is the acquisition and development of graphene and hydrogen related products and services. The Company is listed on the Canadian Stock Exchange (the "CSE") under the ticker symbol HG.

The Company has never generated profit or positive cash flows from operations. For the nine months ended June 30, 2025, the Company reported a net loss of $3,637,078 (2024 – $3,695,852) negative cash flow from operating activities of $3,236,660 (2024 – $3,060,015), and an accumulated deficit of $18,816,832 (September 30, 2024 – $15,179,754). These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its development and operating costs. Subsequent to June 30, 2025, the Company raised $10,203,977 CAD from the exercise of warrants and stock options (Note 12).

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. BASIS OF PRESENTATION

a) Basis of presentation and statement of compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended September 30, 2024, except as noted below. The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 28, 2025.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the material accounting policies set out in Note 3. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Determination of functional currency involves certain judgments to determine the primary economic environments in which the entities operate. Management reconsiders the functional currency of our entities if there are changes in events and conditions.

b) Basis of consolidation

Transactions of the Company's individual entities are recorded in their own functional currency based. The functional currency and location of each entity is as follows:

Entity	Location	Functional Currency
HydroGraph Clean Power Inc.	Canada	Canadian dollars
HydroGraph USA, Inc.	United States	United States dollars
HydroGraph UK Ltd.	United Kingdom	Pound Sterling
Carbon-2D Graphene Corp. (dormant)	Canada	Canadian dollars
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	Canadian dollars

These consolidated financial statements are presented in United States dollars.

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Details of the subsidiaries are as follows:

		Percentage owned	
	Incorporated in	June 30, 2025	September 30, 2024
HydroGraph Clean Power Inc.	Canada	100%	100%
HydroGraph USA, Inc.	United States	100%	100%
HydroGraph UK Ltd.	United Kingdom	100%	100%
Carbon-2D Graphene Corp. (dormant)	Canada	100%	100%
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	100%	100%

c) Adoption Of New Accounting Standards

There were no new standards effective for the nine months ended June 30, 2025 that impacted the Company's condensed interim consolidated financial statements.

d) Accounting Standards Issued But Not Yet Effective

There are no new accounting standards issued but not yet effective that may impact the Company's condensed interim consolidated financial statements.

3. TECHNOLOGY AND DEVELOPMENT COSTS

The Company has executed a multiple license agreement with Kansas State University Research Foundation ("KSURF") which grants the Company access to the technology developed including hydrogen and graphene detonation technology and certain applications of graphene technology (the "License Agreement"). The License Agreement carries several future commitments as disclosed in Note 10.

There were no changes in the technology and development costs during the three and nine months ended June 30, 2025 and the years ended September 30, 2024 and 2023. The balance of technology and development costs at June 30, 2025 and September 30, 2024 was $3,178,078.

Technology and development costs will not commence being amortized until the assets are put into production. Accordingly, the Company performs an impairment test on an annual basis, or whenever there are indicators of impairment. As of June 30, 2025 and September 30, 2024, no impairment was recognized.

(Expressed in United States Dollars unless otherwise stated)

4. FIXED ASSETS

	Manufacturing Equipment $	Leasehold Improvements $	Furniture $	Computer $	Equipment in Process $	Total $
Cost						
Balance, September 30, 2023	424,564	769,001	30,098	18,867	514,174	1,756,704
Additions	26,302	-	4,017	1,664	49,443	81,426
Write-down	(146,453)	-	(10,010)	(1,664)	-	(158,127)
Balance, September 30, 2024	304,413	769,001	24,105	18,867	563,617	1,680,003
Additions	5,458	-	7,050	-	28,941	41,449
Transfer	242,977	-	-	-	(242,977)	-
Balance, June 30, 2025	552,848	769,001	31,155	18,867	349,581	1,721,452
Accumulated amortization						
Balance, September 30, 2023	115,039	226,218	8,292	3,582	-	353,131
Additions	78,905	143,682	3,953	5,315	-	231,855
Write-down	(55,270)	-	-	-	-	(55,270)
Balance, September 30, 2024	138,674	369,900	12,245	8,897	-	529,716
Additions	57,811	107,762	5,426	3,984	-	174,983
Balance, June 30, 2025	196,485	477,662	17,671	12,881	-	704,699
Net book value						
Balance, September 30, 2024	165,739	399,101	11,860	9,970	563,617	1,150,287
Balance, June 30, 2025	356,363	291,339	13,484	5,986	349,581	1,016,753

(Expressed in United States Dollars unless otherwise stated)

5. LEASE LIABILITY AND RIGHT OF USE ASSET

The Company entered into a facility lease in Kansas on June 9, 2021 and recognized a lease obligation with respect to the lease expiring on June 31, 2023. The lease obligation included two extension options: one until June 30, 2025 and one until June 30, 2027, which were included in the calculation. On May 22, 2025, the Company extended the lease in Kansas to June 30, 2026 with an extension option to June 30, 2028. Monthly payments of $9,350 include a fixed portion of $7,172 and a variable portion initially estimated at $2,178. The present value of the lease obligation was calculated using the rate of 8.0% per annum and the end date of June 30, 2026. Subsequent to June 30, 2025, the Company entered into a facility lease in Texas (Note 12).

(a) Right of use asset

	June 30, 2025 $	September 30, 2024 $
Balance, beginning of period	167,713	226,905
Depreciation charge for the period	(44,394)	(59,192)
Lease remeasurement	(60,562)	-
Balance, end of period	62,757	167,713

(b) Lease liability

	June 30, 2025 $	September 30, 2024 $
Balance, beginning of the period	188,943	246,072
Lease payments	(56,063)	(74,750)
Lease accretion	10,125	17,621
Lease remeasurement	(60,562)	-
Balance, end of period	82,443	188,943
Current portion	(82,443)	(61,870)
Balance, end of period, non-current portion	-	127,073

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	June 30, 2025 $
2025	21,515
2026	64,545
Total minimum lease payments	86,060
Less: imputed interest	(3,617)
Total present value of minimum lease payments	82,443
Less: current portion	(82,443)
Non-current portion	-

(Expressed in United States Dollars unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the current and former board of directors, the Chief Executive Officer, the current and former Chief Financial Officer and the former Chief Accounting Officer. Key management compensation during the three and nine months ended June 30, 2025 and 2024 included the following:

	Three months ended June 30,		Nine months ended June 30,	
	2025 $	2024 $	2025 $	2024 $
Short-term benefits - management and director compensation	113,773	227,686	363,681	609,417
Share-based payments	33,296	138,883	241,731	287,907
Total	147,069	366,569	605,412	897,324

As at June 30, 2025, $58,787 (September 30, 2024 – $76,208) was due to current and former related parties of the Company and has been included in accounts payable and accrued liabilities on the consolidated statement of financial position. As at June 30, 2025, $78,000 (September 30, 2024 - $102,000) was due to former related parties of the Company and has been included in other liabilities.

7. SHARE CAPITAL

(a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Nine months ended June 30, 2025

(i) On December 12, 2024, the Company closed a private placement by issuing 23,960,003 units at a price of $0.16 CAD per unit for gross proceeds of $2,701,921 ($3,833,600 CAD).

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.24 CAD up to December 12, 2027. The warrants were valued at $668,252 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%. The Company allocated $2,033,669 and $668,252 to share capital and reserves, respectively.

In connection with the private placement, the Company issued 1,113,350 finders' warrants and incurred $125,550 in cash finders' fees and $32,134 in other issuance costs. Each finders' warrant is exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant (the "Finder Unit Warrant"), at a price of $0.16 CAD up to December 12, 2027. Each Finder Unit Warrant is exercisable into one common share at a price of $0.24 CAD per common share up to December 12, 2027. The finders' warrants were valued at $62,103 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%.

(ii) During the nine months ended June 30, 2025, the Company issued 112,500 common shares on option exercise at the exercise price of $0.17 ($0.25 CAD) for gross proceeds of $19,571. The Company transferred the fair value of $8,858 from contributed surplus to share capital in connection with the exercise.

(iii) During the nine months ended June 30, 2025, the Company issued 11,968,346 common shares on warrant exercise at the average exercise price of $0.13 ($0.19 CAD) for gross proceeds of $1,607,506. The Company transferred the fair value of $474,966 from contributed surplus to share capital in connection with the exercises.

Nine months ended June 30, 2024

(i) On June 11, 2024, the Company closed a non-brokered private placement through the issuance of 22,830,544 units for gross proceeds of CAD$3,652,887. The units were offered in US dollars and Canadian dollars at the respective prices of US$0.116 and CAD$0.16. Each unit consist of one common share and one-half of one common share warrant of the Company. Each whole warrant is exercisable at CAD$0.27 per warrant for a period of 36 months. The Warrants were valued at $918,915 using the Black-Scholes Option Pricing model. Accordingly, the Company allocated $1,766,679 and $918,915 to share capital and reserves, respectively. In connection with the financing, the Company issued 950,679 broker warrants with an ascribed value of $75,942 and incurred $106,862 in cash finders' fees and $57,467 in other share issuance costs.

(ii) On April 5, 2024, the Company closed a non-brokered private placement through the issuance of 11,825,000 units for gross proceeds of CAD$1,182,500. The units were offered in US dollars and Canadian dollars at the respective prices of US$0.074 and CAD$0.10. Each unit consist of one common share and one-half of one common share warrant of the Company. Each whole warrant is exercisable at CAD$0.18 per warrant for a period of 24 months. The Warrants were valued at $148,745 using the Black-Scholes Option Pricing model. Accordingly, the Company allocated $726,376 and $148,745 to share capital and reserves, respectively. In connection with the financing, the Company issued 827,750 broker warrants with an ascribed value of $23,395 and incurred $86,688 in cash finders' fees.

(iii) On February 23, 2024, the Company closed a non-brokered private placement through the issuance of 9,626,000 units for gross proceeds of CAD$962,600. The units were offered in US dollars and Canadian dollars at the respective prices of US$0.074 and CAD$0.10. Each unit consist of one common share and one-half of one common share warrant of the Company. Each whole warrant is exercisable at CAD$0.18 per warrant for a period of 24 months. The Warrants were valued at $130,189 using the Black-Scholes Option Pricing model. Accordingly, the Company allocated $587,249 and $130,189 to share capital and reserves, respectively. In connection with the financing, the Company issued 607,320 broker warrants with an ascribed value of $18,226 and incurred $114,465 in cash finders' fees.

(iv) On December 1, 2023, the Company completed a non-brokered private placement of 10,260,856 units of the Company at a price of $0.074 ($0.10 CAD) per unit for gross proceeds of $755,475 (CAD$1,026,086).

Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of $0.18 CAD up to December 1, 2025, subject to an acceleration right (the "Warrant Acceleration Right") exercisable by the Company, if on any ten consecutive trading days the daily volume weighted average trading price of the common shares on the Canadian Securities Exchange is $0.18 CAD or greater per common share. If the Company exercises its Warrant Acceleration Right, the new expiry date of the warrants will be the 30th day following the notice of such exercise. The warrants were valued at $117,722 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 2 years; volatility – 89.29%, risk-free rate – 4.07%, dividend yield – 0%. The Company allocated $637,753 and $117,722 to share capital and reserves, respectively. In connection with the financing, the Company incurred other share issuance costs of $22,117.

(Expressed in United States Dollars unless otherwise stated)

(v) During the nine months ended June 30, 2024, the Company issued 1,492,750 common shares on warrant exercise for gross proceeds of $55,236.

(b) Stock Options

The Company had a stock option plan. The stock option plan was amended effective August 1, 2025 to be a share compensation plan (the "Plan"), which includes Restricted Share Units, under which it can grant options or Restricted Share Units to directors, officers, employees and consultants. The Plan is a "rolling up to 15%" omnibus plan whereby the total number of common shares that are issuable pursuant to all stock options and restricted share units, in aggregate, is equal to up to a maximum of 15% of the issued and outstanding common shares of the Company. The maximum number of common shares reserved for issue to any one person under the Plan in any 12 month period cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities in any 12 month period cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant.

Under the Plan, the exercise price of options granted is determined by the Board of Directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Company's shares may be listed or quoted for trading. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed ten years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company. Any options granted pursuant to the Plan will terminate generally within 120 days of the option holder ceasing to act as a director, officer, employees, or consultant. All stock options which have been issued are equity settled.

During the nine months ended June 30, 2025, the Company granted a total of 4,337,030 stock options to employees and officers of the Company. 900,000 options vest as follows: ¼ on grant date, ¼ on each 9, 18 and 27 months anniversary following the grant date, and 3,437,030 options vest upon the Company achieving cumulative revenue of US$50,000,000 for the period from January 1, 2025 to December 31, 2027.

The fair value of each stock option granted during the nine months ended June 30, 2025 and 2024 was estimated on the date of grant with the following assumptions:

	2025	2024
Risk-free interest rate (%)	2.67-3.04	1.52-4.50
Expected life (years)	5	10
Expected volatility (%)	83-84	84-100
Forfeiture rate (%)	-	-
Expected dividends	-	-

The weighted average fair value of stock options at the grant date for the three and nine months ended June 30, 2025 was $0.16 CAD per option (2024 – $0.23 CAD). The total share-based compensation expense recognized during the three and nine months ended June 30, 2025 for stock options was $65,427 and $402,311 (2024 - $293,038 and $442,256, respectively).

(Expressed in United States Dollars unless otherwise stated)

The changes in options during the nine months ended June 30, 2025 and the year ended September 30, 2024 are as follows:

	Options #	Weighted average exercise price ($ CAD)
Balance, September 30, 2023	16,340,000	0.25
Granted	7,600,000	0.19
Forfeited	(2,829,767)	0.25
Balance, September 30, 2024	21,110,233	0.23
Granted	4,337,030	0.26
Exercised	(112,500)	0.25
Forfeited	(487,500)	0.24
Balance, June 30, 2025	24,847,263	0.23

The weighted average share price on the date of option exercise during the nine months ended June 30, 2025 was $0.27 CAD.

Details of the options outstanding and exercisable as at June 30, 2025 are as follows:

Outstanding #	Exercisable #	Exercise Price ($ CAD)	Expiry Date	Weighted average remaining life (in years)
(1) 1,250,233	1,250,233	0.25	16-Jan-26	0.55
1,000,000	1,000,000	0.25	14-Jun-26	0.96
(2) 2,000,000	2,000,000	0.25	30-Jun-26	1.00
(3) 7,500,000	4,000,000	0.19	21-Jun-29	3.98
500,000	125,000	0.19	18-Dec-29	4.47
200,000	50,000	0.31	27-Feb-30	4.67
100,000	25,000	0.33	07-Mar-30	4.69
(4) 1,000,000	1,000,000	0.25	04-Jan-32	6.52
1,500,000	1,500,000	0.25	28-Feb-32	6.67
3,437,030	-	0.26	16-Apr-30	4.80
100,000	25,000	0.24	28-Apr-30	4.83
1,300,000	650,000	0.25	20-Apr-32	6.81
(5) 3,510,000	2,457,000	0.25	21-Nov-32	7.40
700,000	350,000	0.25	12-Jan-33	7.54
(6) 750,000	562,500	0.25	06-Apr-33	7.77
24,847,263	14,994,733			4.45

(1) Subsequent to June 30, 2025, 1,250,233 of these options were exercised.
(2) Subsequent to June 30, 2025, 1,000,000 of these options were exercised.
(3) Subsequent to June 30, 2025, 1,125,000 of these options were exercised and 75,000 of these options were forfeited.
(4) Subsequent to June 30, 2025, 1,000,000 of these options were exercised.
(5) Subsequent to June 30, 2025, 2,878,200 of these options were exercised.
(6) Subsequent to June 30, 2025, 625,000 of these options were exercised.

(c) Restricted Share Units ("RSUs")

The Plan authorizes the grant of RSUs. The Plan is a "rolling up to 15%" omnibus plan whereby the total number of common shares that are issuable pursuant to all stock options and restricted share units, in aggregate, is equal to up to a maximum of 15% of the issued and outstanding common shares of the Company. For greater certainty, any RSUs that must be settled in cash shall not count towards the maximum of 15%. Vesting, if any, and other terms and conditions relating to such RSUs shall be determined by the Board of Directors of the Company, provided that no RSUs vest before the date that is one year following the date of the grant. Vested RSUs can be settled in cash, shares or a combination of cash and shares, at the Company's discretion. Any RSUs granted pursuant to the Plan will terminate generally within 60 days of the holder ceasing to act as a director, officer, employees, or consultant.

(Expressed in United States Dollars unless otherwise stated)

As of June 30, 2025, no RSUs had been issued. Subsequent to June 30, 2025, the Company granted RSUs (Note 12).

(d) Warrants

The changes in warrants during the nine months ended June 30, 2025 and the year ended September 30, 2024 are as follows:

	Warrants #	Weighted average exercise price ($ CAD)
Balance, September 30, 2023	58,094,582	0.51
Issued	29,656,949	0.21
Exercised	(1,492,750)	0.05
Expired	(27,962,033)	0.71
Balance, September 30, 2024	58,296,748	0.20
Issued	13,757,922	0.23
Exercised	(11,968,346)	0.19
Expired	(861,832)	0.20
Balance, June 30, 2025	59,224,492	0.21

The weighted average share price on the date of warrant exercise during the nine months ended June 30, 2025 was $0.27 CAD (year ended September 30, 2024 - $0.08 CAD)

Details of the warrants outstanding as at June 30, 2025 are as follows:

Outstanding #	Exercise Price ($ CAD)	Expiry Date	Weighted average remaining life (in years)
16,759,167	0.20	15-Sep-25	0.21
5,130,428	0.18	1-Dec-25	0.42
4,936,739	0.18	23-Feb-26	0.65
(1) 359,842	0.10	23-Feb-26	0.65
5,787,500	0.18	5-Apr-26	0.76
(2) 827,750	0.10	5-Apr-26	0.76
11,440,570	0.27	11-Jun-27	1.95
(3) 889,145	0.16	11-Jun-27	1.95
11,980,001	0.24	12-Dec-27	2.45
(4) 1,113,350	0.16	12-Dec-27	2.45
(5) 59,224,492			1.19

(1) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant at a price of $0.10 CAD up to February 26, 2024. Each warrant

within the unit is exercisable into one common share at a price of $0.18 CAD per common share up to February 23, 2026.

(2) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of $0.10 CAD up to April 5, 2026. Each warrant within the unit is exercisable into one common share at a price of $0.18 CAD per common share up to April 5, 2026.

(3) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of $0.16 CAD up to June 11, 2027. Each warrant within the unit is exercisable into one common share at a price of $0.27 CAD per common share up to June 11, 2027

(4) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of $0.16 CAD up to December 12, 2027. Each warrant within the unit is exercisable into one common share at a price of $0.24 CAD per common share up to December 12, 2027.

(5) Subsequent to June 30, 2025, an aggregate of 39,552,367, warrants were exercised for gross proceeds of $8,301,869 CAD.

(e) Shares held in escrow

As at June 30, 2025, the Company has nil common shares held in escrow (September 30, 2024 – 1,717,500). These escrow shares were subject to escrow trading restrictions pursuant to the Escrow agreement and were released as follows: 17,425,678 six months after the Company's securities were listed on a Canadian exchange ("Listing"), 15,708,178 nine months after Listing, 17,425,678 twelve months after Listing, 19,635,223 fifteen months after Listing, 1,717,500 eighteen months after Listing, 1,717,500 twenty four months after Listing, 1,717,500 thirty months after Listing and 1,717,500 thirty six months after Listing. During the nine months ended June 30, 2025, the final 1,717,500 common shares were released.

8. COMMITMENTS

The commitments of the Company related to the License Agreements with KSURF are as follows:

The July 2017 licensing agreement as amended in July 2022. The Company has seven (7) licenses.

(i) The Company will pay annual maintenance fees of:
   - i. $10,000 per calendar years 2020 to 2022 per license, for a total of $70,000 (paid)
   - ii. $10,000 per calendar year 2023 per license, for a total of $70,000 (paid)
   - iii. $10,000 per calendar year 2024 per license, for a total of $70,000 (paid)
   - iv. $25,000 per calendar year 2025 per license, for a total of $175,000 (paid)
   - v. $35,000 per calendar year 2026 per license, for a total of $245,000
   - vi. $50,000 per calendar year 2027 per license, for a total of $350,000, and every subsequent year. The annual license maintenance fees in a given year will be credited against any running royalty payments due.

(ii) the Company will pay a running royalty of 4% of net sales by the Company or its affiliates (the 4% royalty shall be reduced by ½ of royalties paid to third parties but shall not be less than 3.5%),

(iii) the Company will pay 20% of any non-royalty payments received by the Company from sub-licensed products,

(iv) the Company may purchase the 4% running royalty on six (6) licenses for $12,000,000 in four equal 1% increments.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at June 30, 2025, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

10. FINANCIAL INSTRUMENTS

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values:

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 Inputs that are not based on observable market data.

As at June 30, 2025, the Company's financial instruments consisted of cash, accounts receivable, tax receivable, accounts payable and accrued liabilities and other liabilities. Cash is measured at fair value in accordance with Level 1. The fair value of accounts receivable, tax receivable, accounts payable and accrued liabilities and other liabilities approximate their carrying values because of the short-term nature of these instruments.

Financial risk management objectives and policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currencies. The Company has balances and transactions in United States Dollars, Canadian Dollars and British Pounds. The Company does not use derivative instruments to reduce upward and downward risk associated with foreign currency fluctuations. Cash balances were held in the following currencies at June 30, 2025:

	US Dollars	Canadian Dollars	British Pounds
Cash	235,444	1,817,542	65,928

At June 30, 2025, with other variables unchanged, a 5% movement in the US dollar against the Canadian Dollar and British Pound would change the Company's net loss and comprehensive loss by $82,881.

(Expressed in United States Dollars unless otherwise stated)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(ii) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and financial institutions. This risk is managed by using major banks and financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. The risk is minimal as receivables consist primarily of refundable government taxes.

(iv) *Liquidity risk*

In the management of liquidity risk, the Company maintains a balance between continuity of funding and development activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

At June 30, 2025, the contractual maturities of the Company's obligations are as follows:

	Within one year	Between one and five years	More than five years
	$	$	$
Accounts payable and accrued liabilities	458,679	-	-
Other liabilities	-	78,000	-
Lease obligation	82,443	-	-

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended June 30, 2025	Nine months ended June 30, 2024
	$	$
Supplemental cash flow information:		
Cash received for interest	24,615	6,065
Transfer of value from reserves on exercise of warrants	474,966	-
Transfer of value from reserves on exercise of options	8,858	-
Issue costs - warrants	62,103	-

12. SUBSEQUENT EVENTS

Exercise of warrants

Subsequent to June 30, 2025, the Company issued 39,552,367 common shares on exercise of warrants at an average exercise price of $0.21 CAD for gross proceeds of $8,301,869 CAD.

Exercise of stock options

Subsequent to June 30, 2025, the Company issued 7,878,433 common shares on exercise of stock options at an average exercise price of $0.24 CAD for gross proceeds of $1,902,108 CAD.

Grant of stock options and RSUs

On August 1, 2025, the Company granted 510,000 RSUs to directors and an officer of the Company. The RSUs vest as follows: 1/3 on August 1, 2026, 1/3 on August 1, 2027, and 1/3 on August 1, 2028.

On August 1, 2025, the Company granted 4,143,000 stock options to an officer of the Company. The options are exercisable at the price of $1.25 CAD per share and have an expiry date of August 1, 2030. The options vest as follows: 1/3 on August 1, 2026, 1/3 on August 1, 2027, and 1/3 on August 1, 2028.

On August 12, 2025, the Company granted 1,000,000 stock options to employees, officers and consultants of the Company. The options are exercisable at the price of $2.16 CAD per share and have an expiry date of August 12, 2030. The options vest as follows: 1/3 on August 12, 2026, 1/3 on August 12, 2027, and 1/3 on August 12, 2028.

On August 13, 2025, the Company granted 40,000 RSUs to a director of the Company. The RSUs vest as follows: 1/3 on August 13, 2026, 1/3 on August 13, 2027, and 1/3 on August 13, 2028.

On August 18, 2025, the Company granted 75,000 RSUs to a consultant of the Company. The RSUs vest as follows: 1/3 on August 1, 2026, 1/3 on August 1, 2027, and 1/3 on August 1, 2028.

On August 18, 2025, the Company granted 150,000 stock options to consultants of the Company. The options are exercisable at the price of $2.43 CAD per share and have an expiry date of August 18, 2030. The options vest as follows: 1/3 on August 18, 2026, 1/3 on August 18, 2027, and 1/3 on August 18, 2028.

Lease agreement in Texas

On August 8, 2025, the Company entered into a lease for a new 20,000-square-foot headquarters facility in Austin, Texas, which will replace its current space in Manhattan, Kansas. The lease will commence on the earlier of the date the Company commences business operations from the location or January 1, 2026. The term of the lease is 5 years and 2 months, with the Company having an option to renew the lease for 5 years at the then market rate. A security deposit of $284,070 was paid to the lessor and $102,775 of leasehold improvements was provided to the Company. The total of annual lease payments in the first year, including estimated operating expenses, is $493,000. The total of estimated lease payments over the term of the lease is $2,750,000.